



Since 2015 Cobham uses an Embraer Jet (ERJ-190LR VH-NJA, ex-Lufthansa Regional D-AEMG) mainly in the Fly in – Fly out - traffic on the route Perth - Barrow Island for the Chevron contract. Photo by author.

Aussi Fly in – Fly out in downturn

The nosediving mine- and energy market, the weak exchange rate of the Australian dollar and the increasing competition are making headaches to the FIFO-carriers.

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With the falling raw material prices investments for new exploration in the mine sector fell considerably and interrupted the booming market. The double-digit growth of the FIFO-operator, which flies traditionally the workers in and out the mine- and oilfields in the outback, will be a thing of the past. At least for the next years to come, even when the market bottom out this or next year.

The passenger traffic, RPT (Regular Public Transport), also feels a downturn due to the shrinking mine traffic and some consumer doubts. The mainland air traffic fell almost 1 % over the last 12 month. The aircraft movements went down 1.5 %. The network load factor went 1.2 % down to 76.1 percent. On the other hand, thanks to the weak exchange rate, the charter- and leisure market get a healthy increase through tourist demand from China and of local holiday makers. The “Miami-style” resorts Sun- and Gold Coast in between Sydney and Brisbane on the eastern coast are in higher demand.

FIFO-operator facing new tasks

The FIFO-market are dominated by companies such as Alliance Aviation Services, Cobham Aviation Services, Network Aviation (a Qantas subsidiary), Skippers Aviation, Skywest (Virgin Australia Regional Airlines) and the network operator QantasLink and Virgin Australia. With the collapse of commodity prices a focus on revenue diversification to stimulate future growth, innovation and cost reduction is the call of the day.

To keep the cost development under control, **Alliance Aviation Services** moved the Fokker 100 heavy maintenance to Austrian Technik Bratislava (ATB) and sold two of its Fokker 100. The two aircraft have been sold for a total transaction of A\$15.1 million. Closing its own maintenance stations at Adelaide and Brisbane with outsourcing the heavy maintenance, a cost reduction of A\$ 1.7 million per year should be achieved. This new ATB maintenance agreement allows Alliance

to complete each maintenance check at a lower total cost. With the expanded coverage of this specialist maintenance provider, it also means the maintenance is completed more quickly meaning that the aircraft are available for additional revenue services.

At the same time, due to a new contract for an US-tour operator, the leisure business in Australia and New Zealand can be extended. Alliance is countrywide the biggest FIFO-operator with stations at Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland/NZ.

Cobham Aviation Services increases its coast guard and SAR commitment to compensate the FIFO- and RPT-activities. New in 2016 are four modified Canadair CL604 operated through a 12 year SAR-contract. Since 2012 ten Dash 8 are already operated for the Australian custom services.

With the operation of two special equipped RJ85 Cobham provides jet services to gravel runways: New contracts such as Northern Star Resources will see mine site workers flown in and out of Jundee, in the goldfields region and the Plutonic mine, east of Meekatharra. An extra flight is being added since December 2015 to the Gold Fields, Granny Smith mine, making it the 4th new contract since June using the more efficient jet aircraft with gravel kits.

Passenger transport operation comprises a fleet of eighteen Boeing 717 aircraft carrying more than two million passengers each year between Australia's capital cities and the regional airports. Cobham is the only third party operator trusted to operate under the Qantas brand as custodians of Qantas' customers, image and aircraft. Two additional B717 will join the fleet this year.

The Qantas-FIFO-subsiidiary **Network Aviation** counters the cost pressure with increasing the fleet integration and rebranding into the **QantasLink**-System. The fleet is already in progress to get the new livery. With the introduction of the F100-fleet can QantasLink

use the bigger B717 for growing markets. **Qantas** as well as **Virgin Australia** keep track on the low margin FIFO-business to avoid a negative impact to the transit traffic in regional and international traffic.

Skippers Aviation operates with a fleet of 28 aircrafts, mainly Fokker 100, Dash 8, EMB 120, Metro 23 und Cessna C441 out of Perth and Broome. Due to the failure of Ansett in 2001 Skippers entered the RPT-market successfully. Skippers is today the biggest FIFO-provider in Western Australia and operates over a 100 flights a week for its fifteen mine customers. Due to the slump in the FIFO-demand, two Fokker 100 are stored. With the Western Australian Government decision that Regional Express - Rex (Australia's largest independent RPT airline) as the following operator of two Virgin routes operating Perth to Esperance and Perth to Albany for the next five years, beginning end of February 2016, Skippers has to shed now about 30 jobs.

Skywest was taken over 2013 by Virgin Australia and became **Virgin Australia Regional Airlines**. In 2011 Skywest won a contract by Virgin to build up a regional feeder network. In mining business, the main FIFO customers are Rio Tinto, BHP Billiton and Portman Iron Ore.

Today 39 aircrafts, including two Airbus A320, are operated. During October 2015 the company decided to sell its eight Fokker 50 aircraft fleet in Western Australia because smaller mining companies fell out of the market and Virgin no longer provides some WA regional routes, which became uneconomical. The Fokker 100 fleet will be extended by four units and they are more often deployed to the RPT-market.

FIFO - Dress Code (Network Aviation)

We ask that all passengers wear suitable clean attire at all times when travelling with Network Aviation. For your own safety, we ask that all passengers wear enclosed footwear when travelling (sandals are acceptable).